REMARKS

The outstanding Office Action of September 8, 2006 rejects claims 1 through 21 under 35 U.S.C. 102. The application has been amended in response to the Examiner's comments and is now believed to be in condition for allowance.

Specifically, newly submitted independent claim 22 defines a method for converting an annuity fund to a life insurance policy at a predetermined conversion date providing a means to establish and administer a plan convertible from an annuity to a life insurance upon the selection of a plurality of plan parameters by a prospective plan owner, the plurality of plan parameters includes the initial annuity fund deposit, plan issue age or date, conversion age or predetermined conversion date initial death benefit amount and periodic or annual plan management fee. This data and a projected return or periodic incremental investment income the convertible plan is modeled for the duration of the plan including the annual beginning of year fund value, annual beginning of year net at risk amount, cost of insurance with the cost of the guaranteed insurability option during the annuity phase or the mortality death benefit during the life insurance phase, annual end of year fund value and annual year end death benefit. The method comprises establishing an annuity fund of a predetermined value, establishing an irrevocable life insurance conversion plan, accruing investment income within the annuity fund on a tax deferred basis until the predetermined conversion date, converting the annuity fund to a qualified life

insurance policy with a predetermined mortality death benefit at the predetermined conversion date and finally disbursing the death benefit to beneficiary at the death of the owner of the qualified life insurance policy. The irrevocable life insurance conversion plan includes selecting the predetermined conversion date, selecting a predetermined initial mortality death benefit at the predetermined conversion date and purchasing a guaranteed insurability option to guarantee the availability of the predetermined mortality death benefit at the predetermined conversion date whereby once the annuity fund is converted to the life insurance policy with the predetermined mortality death benefit, income is accrued within the life insurance policy until the death of the owner of the life insurance policy at which time the death benefit is disbursed to the beneficiary.

On the other hand, Kavanaugh discloses a system for funding, analyzing and managing life insurance policies funded with annuities relates to a program that administers a method of funding life insurance policies using annuities that are purchased at least in part using borrowed money, using business and trust structures to reduce and/or eliminate tax. This investing can be done either directly by the policy or through the trust and/or other business entity. As an internal investment of the insurance policy the income generated by the annuity and the inside build-up are non-income taxable to the owner of the policy. The resulting death benefits will also be non-income taxable to the beneficiary.

However, the method of Applicant's invention as defined in newly submitted Independent claim 22 provides a method of conversion and sequential insurance and annuity policy not defined in Kavanaugh.

In view of the amendments contained herein and the discussion in support thereof, allowance of this application is respectfully requested.

Notwithstanding, in the event that this response does not completely and fully address the matters and issues set forth in the outstanding Office Action, Examiner Akintola is invited to contact Applicant's attorney by telephone in order to expeditiously conclude this prosecution.

Respectfully submitted,

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